



PRELIMINARY BUDGET PRESENTATION FY 2012-2013

June 19, 2012



State Budget Update

- Passed June 15, 2012
- 94.1B General Fund budget
 - 5.6% increase in spending
 - Redevelopment revenue
 - Repayment of “loan” from local agencies to pay for schools
 - 8.5B November tax hike
 - Sales
 - High income earners
- 2 dozen+ trailer bills still pending (including redevelopment)



Background

- May 22, 2012
 - Economic Outlook
 - Significant Accomplishments
 - Preliminary City Budget Overview
 - Capital Improvements Program (CIP)
 - Next Steps
 - Sought City Council Direction



Background

Included in Preliminary Budget

Program	Expenditure
Staffing absorbed from Tax Increment	\$1.5M
Fire Wellness	\$45K
City-wide Wellness Program	\$25K
Elections	\$35K
125 th Anniversary Funding	\$15K



Background

City Council Direction

Program	Expenditure
Property Management	\$100K
Amortization	\$50K
National City Chamber of Commerce	\$5K
South County Economic Development Council	\$5K
Total Added Expenditures	\$160K



Background

Beginning Projected General Fund Deficit	(\$558,028)
Added Expenditures	\$160,000
Revised Projected General Fund Deficit	(\$718,028)



June 19, 2012

Revised Projections

Expenditures

20A Conversion (utility undergrounding)	\$400,000
Property Management	\$60,000
Enterprise Zone Administration	\$51,000
Amortization	\$50,000
National City Chamber of Commerce	\$5,000
South County Economic Development Council	\$5,000
Golf Course Lease Payment	\$2,000

Revised Projections

Expenditures

Miscellaneous Minor Adjustments	\$1,376
Internal Service Charges Reallocated to Fund 127 (Trash Rate Stabilization)	(\$4,077)
Transfers out to Fund 166 (Nutrition Center)	(\$108,040)
Personnel	(\$63,681)
Total	\$398,578



Potential Impacts

- City of Chula Vista Animal Shelter Agreement
- State Budget Trailer Bills

Revised Projections

Revenue

20A Conversion Reimbursement (utility undergrounding)	\$400,000
Successor Agency Contribution to Police Facility Lease	\$320,000
AB 1290 / SB 211 Pass Through Payment	\$200,000
Dog Licenses	\$10,000
Parking District Permits (Finance Dept)	\$3,675
Coastal Development Permits	\$2,485
Utility Company Permits	(\$24,000)
Zone Change Permits	(\$8,020)
Parking District Permits (Engineering Dept)	(\$4,950)
Total	\$889,190



Future Revenue Impacts

- San Diego Unified Port Agreement for Fire and Police services
- Continue to identify and recruit new industries/businesses
- Identify and enhance public/private partnerships that improve local sales tax and/or generate other revenue streams

Other Significant Revisions

Successor Agency to the Community Development Commission as the National City Redevelopment Agency

- 2011 Tax Allocation Bond Proceeds
 - Transferred to the Successor Agency budget
- Fund numbers revised

Current Fund	Proposed New Fund
511 (Tax Increment)	711 (Tax Increment)
522 (Low-Mod)	715 (Low-Mod)
524 (2011 Tax Allocation Bond – Capital Improvement)	714 (2011 Tax Allocation Bond – Capital Improvement)
525 (2011 Tax Allocation Bond – Housing)	715 (Low-Mod)



Revised General Fund Projection

May 22, 2012	\$(558,028)
May 22, 2012 (per Council direction)	(\$718,028)
June 19, 2012	(\$57,416)



Revised General Fund Projection

Estimated Revenue*	\$39,470,340
Estimated Expenditure**	<u>\$39,527,756</u>
Estimated Surplus/(Deficit)	(\$57,416)

*includes transfers in

**includes transfers out

Important Assumptions

- Economic recovery remains on course
 - Sales Tax
 - Property Tax
- Projected revenues include Successor Agency assumptions

Administrative Costs	\$366K
Reimbursement for project management	\$241K
Pass through payments	\$200K
Contribution to the Police facility lease	\$320K
Total	\$1,127,000



Next Steps



Next Steps

- January/February 2013: Mid-Year Budget Review and Strategic Planning
- Staff will closely monitor budget and update Council on budgetary goals on a quarterly basis
- Staff may recommend revisions to budget at January 2013 mid-year budget review
- If budget assumptions are NOT met, there are 3 options:
 - Use additional contingency reserves, or
 - Service reductions; or
 - Combination of both



Closing Comments



City Manager's Closing Comments

- This year's budget is balanced with Council directed measures
- Significant strides made by all City departments to cut costs, become more efficient and enhance revenues
- Deficit being addressed through combination of employee concessions, managed attrition, improved revenues and one-time fixes. New revenue streams needed
- Impacts of dissolution of redevelopment agency will continue to unfold over course of fiscal year



City Manager's Closing Comments

- Impacts of State's budget deficit remain of high concern
- No forced reduction anticipated in employees
- Core City programs will remain intact; however, service levels may be impacted
- Sunset of Proposition D Sales Tax in 2016
- City remains committed to building partnerships with the community, local businesses and regional partners
- City continues to streamline the way we do business and better align the functions of City departments



City Manager's Closing Comments

- Budget Committee: Brad Raulston, Stacey Stevenson, Tina Norrdin, Janel Pehau, Suzanne Wellcome, Teresa Mendoza, Steve Manganiello, Barby Tipton



City Manager Recommendations

- Authorize the City Manager to use General Fund unassigned fund balance to close the projected \$57,416 General Fund gap, if needed
- Adopt the fiscal year 2012-2013 budget



Community Input & Comments



City Council Comments & Direction